

TOKYO GAZETTE, No. 24, June, 1939,  
Pages 1-6, inclusive

## PROGRESS OF ECONOMIC CONSTRUCTION IN MANCHOUKUO

### Board of Manchurian Affairs

Progress in planning for the comprehensive expansion of productive power throughout Japan, Manchoukuo and North China was publicly and fully explained by the Government at the last session of the Diet. The essence of the plan is to ensure raw-material resources for the designated 15 industries of iron and steel, coal, light metals, non-ferrous metals, liquid fuel, soda and industrial salt, sulphate of ammonia, pulp, gold, wool, machine tools, railway vehicles, shipping, automobiles, and electric power. Failing this basic step, even the successful expansion of the equipment for production would not mean much in time of emergency. Fortunately, Manchoukuo possesses abundant resources for all of these industries; herein lies the fact that the plan for the expansion of productive power in Manchoukuo forms a most important part in the comprehensive programme centring around Japan. In the following pages is explained in outline the actual state of progress in the more important of those industries, progress which has been made in accordance with the five-year plan, beginning with 1937.

### Iron and Steel Industry

Industrial plants forming the centre of the plan for the increased production of steel are the Showa Steel Works at Anshan, capitalized at 200,000,000 yen and the Pansihu Colliery and Iron Works, capitalized at 100,000,000 yen. The former establishment had a productive capacity only of 300,000 metric tons of pig iron before the Manchurian Incident. However, with the completion of the equipment for increase of production carried out from 1933 to 1935, it came to possess, in 1938, equipment for production of 750,000 metric tons of pig iron, 580,000 metric tons of ingot steel, and 300,000 metric tons of steel materials. Furthermore, a plan for the 1,000,000-ton increase of pig iron; has been completed recently as the first step in the five-year plan, constituting a great asset to the iron and steel industry in Japan, under the current emergency. Ten factories have also been established lately near the Showa Iron

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<sup>1</sup>All figures of capitalization in this article refer to authorized capital.

Works for the purpose of producing manufactured goods out of the semi-finished materials supplied by that iron works. Thus Manchuria which had not produced a single ton of steel materials before the Incident of 1931 has now developed into a full-fledged steel producing country.

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#### Coal Industry

Prior to 1931, the annual production of coal in Manchoukuo averaged about 8,500,000 metric tons, more than 80 per cent of which represented the output of the Fushun Coal Mine operated by the South Manchuria Railway Company. And even this amount, which can by no means be regarded as very large, could not be consumed within Manchuria; some 3,000,000 tons had to be exported to Japan proper. It happened, therefore, that the necessity of prohibiting the importation of Fushun coal was seriously discussed during the period of depression in the Japanese coal industry, the period from 1931 to 1932. The state of things, however, has now undergone a radical change; with the progress in the economic development of Manchoukuo, the demand for coal began suddenly to increase. In 1934 the Manchuria Coal Mining Company with a capital of 80,000,000 yen was established with a view to taking positive steps for the development and increased production of coal fields throughout the whole of Manchoukuo. The output has increased by leaps and bounds until it reached in 1933 to the amount twice as large as that before the Incident, of which 50 per cent was Fushun coal. In the current year the plan for increase of production will be in full swing, so that an increase of several millions will be expected.

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#### Electric Power Industry

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In the five-year plan, therefore, the plan for hydraulic generation is included, and two large generation plants have accordingly been in construction, since 1937, on the Sungari and Yalu Rivers. The plant on the Sungari is being constructed under the direct management of the Manchoukuo Government in Tafengman situated 21 kilometres above Kirin.

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#### Light Metal Industry

The Fushun Factory of the Manchuria Light Metal Company, which is capitalized at 50,000,000 yen, completed the first part of its

construction programme last fall, and has now started the second part of the programme. The plant is manufacturing aluminum out of Manchuria aluminum shale, which is found in abundance around Fushun, by the dry smelting process successfully studied by the Central Laboratory of the South Manchuria Railway Company. The strength of this industry in Manchoukuo lies in the fact that not only the raw material, aluminium shale, but also the materials used in its manufacturing, cryolite and electrode, can be supplied from within the country. The completion of the first part of the plant has enabled it to produce annually 4,000 metric tons of the metal.

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#### Liquid Fuel Industry

Manufacture of oil by the dry distillation of oil shale which covers the coal seams of the Fushun coal field, famous for open-cut mining, was started in 1930 on the basis of the successful studies and experimentations carried out by the South Manchuria Railway Company since 1925. It has now developed into a paying enterprise. The present equipment has the capacity to produce 150,000 metric tons of crude oil, which is mainly refined as heavy oil. Volatile oil, sulphate of ammonia and crude wax are also manufactured out of it as by-products. The new equipment with capacity of 200,000 metric tons is now under construction and its main part will be completed within 1939.

In the coal-liquefying industry Manchoukuo is somewhat ahead of Japan; and the three companies to operate in this important enterprise, namely, the South Manchuria Railway Company, the Manchuria Synthetic Fuel Company and the Manchuria Artificial Oil Industry Company, will shortly start activities. The first named company has nearly completed the construction, in Fushun, of a plant employing the direct liquefying process; the second named is constructing, in Chinchow, a plant employing the gas synthetic (Fischer's) process; and the last named has nearly completed the construction, in Ssipingkai, of a plant employing the dry hydrogenation process. Of these concerns, the Manchuria Synthetic Fuel Company and the Manchuria Artificial Oil Industry Company are capitalized at 50,000,000 yen and 20,000,000 yen respectively.

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#### Other Industries

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With regard to the machine, and railway vehicle industries, the Dairen Machine Company, Manchuria Engineering Works, Manchuria Vehicle Company, and Dairen Dockyards and Iron Works have been active. Plans for the manufacture of automobiles and aircraft have also been in progress; certain plants are already in operation.